

EXHIBIT A

MELLO-ROOS SPECIAL TAX ADMINISTRATION SERVICES

COUNTY OF SAN BERNARDINO COMMUNITY FACILITIES DISTRICT NOS. 2002-1, 2002-2 & 2003-1

SCOPE OF WORK

David Taussig & Associates, Inc. ("Consultant") shall provide financial consulting services to assist the County of San Bernardino ("Client") in the administration of Client's Community Facilities District ("CFD") Nos. 2002-1, 2002-2, and 2003-1. The focus of these services shall be to determine the special tax rates, facilitate the collection of the special taxes, and provide CFD disclosure for calendar years 2003 through 2005.

The specific activities and tasks to be performed under this Scope of Work include the following for each CFD:

Task 1 Land Use Research

This task involves determining, gathering and organizing the land use data required to apportion and collect special taxes, and includes the following subtasks:

- 1.1 Subdivision Research:** Identify and obtain copies of all final tract or parcel maps for each CFD. Determine acreage for each parcel.
- 1.2 Development Research:** Research building permit issuance for each fiscal year. Identify building permit issuance date, tract, and lot for each new building. Review current Assessor's Parcel maps to determine which parcel numbers will be valid for each fiscal year.
- 1.3 Database Management:** Create automated parcel database to include all parcels with each CFD. Data items will include Assessor's Parcel Number, corresponding tract and lot number, acreage, building square footage, and building permit issuance date.

Task 2 Classification of Property

This task involves application of the applicable Rate and Method of Apportionment to determine the appropriate special tax classification for each parcel located within each CFD, and includes the following subtasks:

- 2.1 Exempt Property:** Identify all property owned by public agencies or entities otherwise exempt from the special tax and classify as exempt property.
- 2.2 Taxable Property:** Identify all taxable properties and classify each as "Developed Property" or "Undeveloped Property." Assign each "Developed Property" to the appropriate special tax class.

Task 3 Financial Analysis

This task involves calculating the Special Tax Requirement for each CFD for each fiscal year and allocating it to property in each CFD, and includes the following subtasks:

- 3.1 Determine Special Tax Requirement:** Assist Client with the preparation of an administrative expense budget. Confirm interest and principal payments. Determine any other charges or credits to tax levy.
- 3.2 Special Tax Rates:** Based on tax classifications and special tax requirement, compute the special tax rates each fiscal year for all classifications of taxable property.

Task 4 Report Preparation

This task includes the preparation of an Annual Special Tax Report for each CFD containing the findings of the financial analysis and an explanation of the methodology employed to apportion the special taxes. Included in the report is a list of special taxes by Assessor's Parcel which can be used as the exhibit to the resolution authorizing the levy and collection of special taxes for each fiscal year.

Task 5 Submittal of Special Taxes to County of San Bernardino

This task involves submitting the special tax levy on or before August 10, of each year, or such other date specified by the County of San Bernardino to the Auditor-Controller for inclusion on the consolidated property tax bills for each fiscal year. The special tax levy will be submitted on magnetic tape or other media as specified by the County.

Task 6 Delinquent Property Owner Research

This task involves the review and research of County records to determine which parcels are delinquent in the payment of property and special taxes, and includes the following subtasks:

- 6.1 Delinquent Special Tax Report:** Review special tax payment information from the County of San Bernardino. Determine which parcels are delinquent and the corresponding amount of delinquent special taxes. Prepare report summarizing the amount of delinquent special taxes.
- 6.2 Collection of Delinquent Special Taxes:** Assist Client with the development of procedures to cure delinquent special taxes. Assist with the preparation of demand letters as necessary.

Task 7 Roll Changes and Adjusted Property Tax Bills

This task involves monitoring any changes to the secured tax roll which necessitate new or adjusted property tax bills. This task includes the calculation of new or adjusted bills and the preparation of requests to the County to prepare such bills.

Task 8 Responses to Property Owner Questions

This task involves the provision of information to individuals and other interested parties regarding the amount and calculation of the special tax.

Task 9 Monthly Review of All Funds and Accounts

This task involves continuous monitoring of fiscal agent financial statements for all funds and accounts for each CFD to assure the fiscal agent is adhering to the "Bond Indenture." Prepare monthly report of financial activity for all funds showing account balances, interest earnings and other revenues, and expenditures.

Task 10 Meetings

Consultant will attend the Board meeting each fiscal year at which the resolution authorizing the levy and collection of special taxes is scheduled for adoption.

Task 11 CFD Disclosure

This task involves assisting Client meet the annual disclosure requirements of SB 1464, the 1992 Mello-Roos Amendment Bill, and includes the following subtasks:

- 11.1** Submit required data to the California Debt and Investment Advisory Commission each October in compliance with Section 53359.5 of the Government Code as stated in SB 1464. (Applies to CFD Nos. 2002-1 and 2003-1 only).
- 11.2** Provide special tax disclosure documents to Client for resale properties pursuant to Section 1102.6b of the Civil Code and Section 53340.2 of the Government Code as stated in SB 1464.
- 11.3** Assist Client in the preparation of material required by the Issuer Continuing Disclosure Certificate. (Applies to CFD Nos. 2002-1 and 2003-1 only).
- 11.4** Assist Client in the preparation of material in compliance with Section 53411 of the Government Code as stated in SB 165. (Applies to CFD Nos. 2002-1 and 2003-1 only).
- 11.5** Act as Dissemination Agent under the Issuer Continuing Disclosure Certificate and Landowner Continuing Disclosure Certificate. (Applies to CFD Nos. 2002-1 and 2003-1 only).

Task 12 Administration Software

This task involves providing the Client with DTA's proprietary special district administration software, EZSD™, which is Windows-based software with Internet capabilities that will allow the Client to display and print reports, in addition to executing queries at district and/or parcel levels.

EXHIBIT B

MELLO-ROOS SPECIAL TAX ADMINISTRATION SERVICES

COUNTY OF SAN BERNARDINO COMMUNITY FACILITIES DISTRICT NOS. 2002-1, 2002-2, and 2003-1

FEE SCHEDULE

Consultant shall charge a fee not to exceed \$36,000 (including expenses) per year for completion of Tasks 1 through 12 for all three CFDs.

Consultant shall charge the following hourly fees for services related to Tasks 1 through 12:

President	\$170/Hour
Vice President	\$165/Hour
Director	\$155/Hour
Manager	\$145/Hour
Senior Associate/Engineer	\$130/Hour
Associate	\$110-120/Hour*
Financial Analyst	\$ 95/Hour
Research Assistant	\$ 70/Hour

*Depending on Experience

Quarterly progress payments will be made by Client upon presentation of invoice by Consultant that includes detail on the services rendered and expenses incurred. In addition to fees for services, Client shall reimburse Consultant for travel, copying, courier, facsimile, telephone expenses, data services, maps, clerical charges, administrative charges, and other out-of-pocket expenses.

Any additional work requested by Client, other than those necessary to amend errors on the part of Consultant in Tasks 1 through 12, would require additional fees.

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